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DEPT INR A/S FORT AND EAP/J

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SUBJECT: INR ASSISTANT SECRETARY FORT CONSULTS WITH
JAPANESE COUNTERPARTS

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4(b) and (d)
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11. (S) SUMMARY: During a visit to Tokyo October 7, INR Assistant Secretary Randall Fort consulted with counterparts from MOFA's Intelligence and Analysis Service, the Prime Minister's Cabinet and Intelligence Research Office (CIRO), the Ministry of Justice's Public Security Information Agency (PSIA), and with uniformed and civilian officials at the Ministry of Defense. Discussions focused on Japan's views of recent events in Georgia, the health of Kim Jong-il and the stability of North Korea, the state of the Chinese economy and society, Pakistan, and cyber security. The Director of CIRO also discussed his efforts to develop the capabilities of the Japanese intelligence community. A/S Fort was accompanied by INR analysts John Merrill and Gregory Knight, who provided briefings on North Korea and China. END SUMMARY.

MOFA INTELLIGENCE AND ANALYSIS SERVICE

12. (C) Director General Jiro Kodera, A/S Fort's direct counterpart, shared Japan's perspectives on the following topics:

Russia/Georgia

13. (C) Japan believes that, from Russia's standpoint, recent military operations against Georgia were a success, achieving three of four strategic objectives Moscow had set: retaining influence in South Ossetia and Abkhazia; destroying Georgia's military; and damaging Georgia's economy in order to create internal instability. Its fourth objective, regime change, was not realized. Kodera termed Georgia's experience as ""disastrous"" due largely to serious miscalculations made by President Saakashvili concerning Russia's intent to resist Georgian attempts to assert territorial claims and the West's willingness to come to Georgia's aid. As a consequence, Georgia will now find it almost impossible to regain control of the two breakaway regions or to move forward on accession to the EU and NATO. However, Kodera believes the consequences for Russia could prove equally dire, both in terms of soured relations with the West and being tainted with a ""bad guy"" image that will be difficult to shake.

14. (C) Looking ahead, Kodera predicted that Russia would be ready to move back into any of its former territories if it felt there were a chance of success. The key for the West,

he said, is to avoid creating openings for Moscow by giving the impression that it lacks concern. Russia is realistic, he believes, and will not move into former territories if it sees that the cost, particularly in terms of public backlash in the West, is too high. Further, he thinks that reluctance to incur further international criticism will prevent Russia from moving on Ukraine.

15. (C) In Japan's view, the recent experience in Georgia shows that Prime Minister Putin is clearly in charge. Koderá described Putin as more assertive, aggressive and emotional than President Medvedev, who he characterized as more reserved. Putin remains essentially expansionist with regard to the former Soviet republics and is willing to sacrifice the well-being of the Russian people to regain "lost" territory, Koderá observed, adding that Russians tend to be less assertive towards their neighbors when they perceive their international prestige to be at stake. He opined that Russia's "DNA" has yet to change from one that focuses on an authoritarian, security-oriented government preoccupied with outdated notions of spheres of influence.

Pakistan

16. (C) With regard to Pakistan, Koderá said that his main focus continues to be on terrorism. He blamed the country's ingrained anti-Americanism and a worsening economic situation for the lack of progress in rooting out Al-Qaida and the Taliban from the Federally Administered Tribal Areas (FATA). He wondered whether the two organizations weren't actually becoming better organized and supported, pointing to the recent attack on the Islamabad Marriott Hotel. He agreed with A/S Fort's assessment of the situation and said that there is a need for the Pakistanis to shift away from the political system and structure that has historically prevailed in the tribal areas.

North Korea

17. (C) Japan's concerns about North Korea, Koderá said, relate mostly to Kim Jong-il's health and a range of succession issues - including the potential for a dynastic succession versus some form of temporary collective leadership, sources of legitimacy for a new leadership, and China's preferences in the matter including how strongly it intends to press them. Koderá and his colleagues were very interested in U.S. views on the possibility that Chang Song-taek would play a leading role in a future government and whether he might lead an effort to modernize the country as a North Korean version of Deng Xiaoping. INR analyst John Merrill briefed Koderá on our views of the North Korean leadership situation and on Kim Jong-il's leadership style. A/S Fort cautioned that it is difficult to speculate on what might come to pass, given the dearth of information available to analysts.

18. (C) Koderá agreed that China will play little role in the succession process, although there is clearly a split within the North Korean military between generals who fought together with China and those who take a more nationalistic view. Koderá does not think China will risk a blow to its international prestige -- particularly within the Non-Aligned Movement -- by attempting to intervene in a North Korean succession. If it were to do so, it would only be under cover of some form of "international cooperation." China repeatedly assures Japan, said Koderá, that there will be a smooth transition but it is difficult to tell if this is merely self-serving talk. China could send troops to stabilize North Korea if faced with chaos on its border but would likely couch the move as a form of humanitarian assistance to deflect accusations of meddling or of harboring territorial ambitions.

19. (C) Koderá admitted to having few insights on Kim's

current condition but said he thought he might be recovering and would soon return to "invitational diplomacy" and restart the Six-Party Process. He lamented that Japan's own "quiet negotiations" with Pyongyang were not going well at all and hoped that Kim would recover enough to direct a promised re-investigation into the fate of Japanese citizens abducted by the DPRK. Japanese economic assistance provides a strong incentive to the DPRK to fulfill its pledge on abductions, but Japan is also demanding simultaneous resolution of the nuclear and missile issues, Suzuki noted. Sequencing is very important, Kodera observed. Japan is ready to extend assistance upon denuclearization, but may not be able to meet DPRK expectations. Looking beyond denuclearization, negotiations over sales of missile technology could be another stumbling block, he noted, since it is one of the only means for North Korea to secure hard currency. Japan is unlikely to change its policy on humanitarian assistance to the DPRK, even in the event of a serious famine, but might participate in a multilateral approach through one of the many international organizations it helps support, such as UNICEF or UNDP. Aid to North Korea remains an extremely sensitive issue in Japan, Kodera noted, and hardliners in the Diet had become more prominent since the end of the Koizumi Administration in 2006.

CABINET AND INTELLIGENCE RESEARCH OFFICE

¶10. (S) CIRO Director Hideshi Mitani briefed A/S Fort on progress being made within the Japanese intelligence community and his major priorities for the future. Mitani, who has been in his position for roughly two and a half years, was recently reappointed and is now serving as Director under his third prime minister. He said that he is very proud of Japan's new Community Intelligence Officer (CIO) program, which is modeled after our National Intelligence Officer system. Japan has five CIOs and they have recently begun to issue national intelligence estimates (NIEs). So far, Mitani is quite pleased that despite the small size of his operation, the quality of the analysis provided is quite high. He is happy that more of his staff is now coming from MOFA, but pointed out that his oldest and most experienced CIO is from the private sector.

¶11. (S) Mitani also reviewed the makeup of the Joint Intelligence Committee (JIC). The JIC is comprised of representatives from CIRO, MOFA, the Ministry of Defense, the National Police Agency (NPA), and the Ministry of Justice's Public Security Intelligence Agency (PSIA) -- who make up the "core JIC" -- and, more recently, representatives of the Customs Service, the Coast Guard, the Finance Agency, and the Ministry of Economy, Trade and Industry (METI), which is interested in gathering intelligence to prevent the theft of Japanese trade secrets. Taken together, he referred to the whole group as the "expanded JIC." One role the JIC plays is to approve all NIEs before they are distributed.

¶12. (S) With regard to ongoing priorities, Mitani said his first one is to assure the passage of legislation to protect national security information. The fate of this bill, he explained, depends on the outcome of domestic politics which, at this point is difficult to predict. His second priority is the establishment of a human intelligence collection capability. The decision has been made to go very slowly with this process as the Japanese realize that they lack knowledge, experience, and assets/officers. A training process for new personnel will be started soon. A/S Fort agreed that it is prudent to go slowly and urged that a few, highly capable people be selected at first, rather than rushing things.

¶13. (S) A/S Fort urged Mitani to think about how Japan might be able to cooperate with us in the field of cyber security. Mitani replied that he has discussed this with Ambassador Schieffer and, as a result, his Information Technology Center will soon begin to collaborate with the National Security Agency. He noted that while Japan has the knowledge and

experience to play a major role in this field, the challenge is to educate the public and politicians about why this is important.

¶14. (S) Mitani was interested in A/S Fort's views on North Korea and the health of Kim Jong-il. He said the Japanese are skeptical about North Korean press reports that Kim is well, saying that a recent press release about Kim watching a soccer match says just that, that he "watched" the match, without specifically saying that he was there in person. Japan believes Kim is well enough to make decisions but is in the dark about how he is passing them along for implementation. Mitani also said the Japanese had closely studied the book by "Mr. Fujimoto," Kim's former Japanese sushi chef, which they think holds many keys to understanding Kim's behavior.

PUBLIC SECURITY INFORMATION AGENCY

¶15. (C) Director General Toshio Yanagi of the Ministry of Justice's Public Security Information Agency (PSIA) told A/S Fort that his major areas of focus are on China and North Korea, as well as on collecting intelligence information to prevent terrorist attacks, with a major focus on the Southeast Asia region. The major question with regard to China, now that the Olympics are over, is the country's evolving social and economic conditions. PSIA believes that widening income gaps, problems with agricultural production, and issues of corruption are having serious impacts on social and economic conditions and bear close watching. Of the three, corruption may be the main destabilizing factor, said Yanagi. Corruption plays a major role in ongoing power struggles and has also led to a situation where prominent state-owned companies have become family businesses packed with relatives of officials with sway. A further major corruption scenario involves the taking of private land by officials who then sell it to developers. These actions are serving to discredit the government and may lead to unrest. Another destabilizing factor is the immigration into the cities by rural farmers who are seeking better lives.

¶16. (C) Another major issue that could potentially create rifts between the people and the government in China is pollution, according to Yanagi. He said that the Chinese are anxious to receive Japanese technology for both pollution clean-up and for clean industry. Beijing is seeking Japanese ODA and private investment, but Japanese businesses are wary of the Chinese, fearing that they will steal technology and become rivals of the Japanese firms who provided it in the first place. So despite Chinese interest in forging closer relations with Japan, particularly in the steel, iron, and auto manufacturing sectors, there is very little technology transfer taking place.

¶17. (C) With regard to North Korea, PSIA is closely watching this year's harvest. Japan does not believe the situation is as dire as it was in the 1990's, although they do not have enough information to formulate a solid opinion. Yanagi said he thinks there are still over 300 food markets in operation, but that attempts to impose firm regulations on them are creating friction with the people. PSIA, said Yanagi, also closely watches the volume of exports from China to North Korea for clues to understanding the situation in the North. The Japanese believe the North Korean economy is crippled by a lack of energy resources and crumbling, outdated infrastructure.

¶18. (C) PSIA does not believe North Korea will abandon its nuclear capabilities, said Yanagi. Tokyo views that Kim Jong-il sees nuclear weapons as a means of deterrence, a card on the diplomatic table, and as a means to retain the support of his people. He will not give these up. Furthermore, while China also claims it would like to see a nuclear-free Korean peninsula, it cannot take actions that will potentially destabilize North Korea. Finally, neither the

North or China trusts each other, he concluded.

MINISTRY OF DEFENSE

¶19. (C) A/S Fort also visited the Ministry of Defense where he met separately with Defense Intelligence Headquarters Director Lt.Gen. Hokazono and Defense Policy Bureau Chief Takamizawa. Hokazono commented on Taiwan-China relations, which he noted appear to be stable at this time. He believes this is particularly impressive in light of the many challenges of the past year, including unrest in Tibet, the earthquake in Sichuan, and final preparations for the Olympics. However, Japan watches this relationship very closely and is concerned that it could change at any time. With regard to North Korea, Hokazono echoed other officials in expressing concern for the health of Kim Jong-il and any potential instability this might cause, particularly due to the fact that the North has missile and nuclear capabilities. He was very grateful for information shared by the U.S. on North Korea and on other issues as well.

¶20. (C) Takamizawa, like Koderu, discussed Russia and Georgia, saying that the recent conflict raises serious questions about Russia's potential for misconduct in the future, so much so that some are debating whether Japan needs to reevaluate force structure plans. A/S Fort also discussed with Takamizawa the role Japan might consider playing in protecting against cyberspace attacks.

¶21. (C) This cable was cleared by Assistant Secretary Fort. SCHIEFFER